



IFES 2018: The Farm Bill 2018

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This is a presentation summary from the 2018 Illinois Farm Economics Summit (IFES) which occurred December 17-21, 2018. A complete collection of presentations including PowerPoint Slides (PPT) and printable summaries (PDF) are available [here](#).

The Agriculture Act of 2014 expired in September, 2018; reauthorization in a conference stalemate between the House and Senate versions of the farm bill through the 2018 mid-term elections. This presentation reviews the 2014 Farm Bill and the new provisions of the 2018 farm bill.

Going into the 2018 debate, commodity prices had fallen significant from the 2012 peaks and were expected to remain in that relatively lower range. The Trump Administration's initiation of tariff conflicts with various trading partners added significant downward pressure on crop prices. Tariffs focused on Canada and Mexico but mostly on China, which had substantial risk for soybean farmers. Negotiations have resulted in a revised version of NAFTA with Canada and Mexico, as well as an apparent temporary "truce" with China, but the final outcomes of these efforts remain unknown.

The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs in the 2014 Farm Bill largely responded to the lower prices as designed; some counties with high yields for corn and soybeans did not experience ARC-CO payments as revenues remained above the guarantee (86% of the 5-year Olympic moving average of national average prices and county average yields). As reported by the Congressional Budget Office (CBO), spending on ARC and PLC exceeded expectations for the bill after it was signed into law in 2014.

Overall, the spending picture for the farm bill has been dominated by the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps). That situation is

expected to continue throughout the CBO 10-year baseline (FY 2019-2028); however, actual SNAP spending has declined substantially since 2014 and much further than anticipated at the time the 2014 Farm Bill was passed. An improving economy with low unemployment rates and lower rates of people below poverty have contributed to a decrease in participation in the program; lower participation has substantially reduced spending and this trend is expected to continue.

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With good yields in recent years and a lack of widespread disasters, such as drought, the crop insurance program has also performed better than expected. Loss ratios for corn and soybeans have been below .5 and the program has cost the federal government far less than expected in 2014.

The conservation programs were largely continued without major changes in the 2014 Farm Bill, although the Conservation Reserve Program (CRP) acreage was stepped down from 32 million acres to 24 million acres. The program remains at the cap and the Ag Committees were subject to some pressure to increase it in the 2018 Farm Bill.

The conference stalemate was largely caused by a confluence of three factors: the House attempt to further reduce SNAP through tighter work requirements; the House attempt to eliminate the Conservation Stewardship Program (CSP); and controversies around Title I payments, such as payment limits and eligibility requirements, especially in light of a significant increase in spending for cotton.

The conference committee was able to reach an agreement on the 2018 Farm Bill when the House conceded on SNAP and CSP. For farm programs, the expectation is that the final agreement will look similar to the 2014 Farm Bill: an option to elect either ARC or PLC for the covered commodities with base acres on the farm. However, details on the negotiators' agreement remain unavailable as these materials go to press.

Additional Resources

The slides for this presentation can be found at: http://www.farmdoc.illinois.edu/presentations/IFES_2018

Coppess, J., C. Zulauf, G. Schnitkey and N. Paulson. "[The Farm Bill Stalemate, Part 1: Commodity Assistance.](#)" *farmdoc daily* (8):180, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 27, 2018.

Coppess, J., C. Zulauf, N. Paulson and G. Schnitkey. "[The Farm Bill Stalemate, Part 2: The SNAP Question.](#)" *farmdoc daily* (8):184, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 4, 2018.

Coppess, J., B. Gramig, C. Zulauf, N. Paulson and G. Schnitkey. "[Farm Bill Stalemate, Part 3: Conservation Concerns.](#)" *farmdoc daily* (8):192, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, October 17, 2018.

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Coppess, J., G. Schnitkey, C. Zulauf and N. Paulson. "[2018 Farm Bill: Two Big Steps Forward & the Top Five Issues for Conference.](#)" *farmdoc daily* (8):122, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, July 3, 2018.